

COMMONWEALTH OF VIRGINIA  
DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL  
VIRGINIA ALCOHOLIC BEVERAGE CONTROL COMMISSION  
RICHMOND

February 6, 1985

**CIRCULAR LETTER  
85-3**

**TO:** EACH FARM WINERY AND WINE WHOLESALE LICENSEE  
**SUBJECT:** LITER TAX ON WINE PRODUCED BY A FARM WINERY.

**PURPOSE:** The purpose of this letter is to provide additional guidance with respect to Circular Letter 85-1 dated January 14, 1985~if the same subject.

**BACKGROUND:** A small number of wholesalers have stated that their systems are not capable of producing an additional series of invoices for farm wine. Those wholesalers have requested the alternative method of a periodic (monthly) report showing the sale of farm winery wine. The Commission needs statistics on farm wine and prefers the actual invoice because of the assurance of accuracy. However, under the circumstances it has concluded that the original Instructions should be modified.

Additionally, the issue of cider produced by farm winery licensees needs to be addressed. We understand that no farm wineries are currently selling such cider, but for future reference the 8 cents per liter markup required by Section 17, Regulations, must be applied to farm winery cider and the Commission will amend the regulation to eliminate the exemption of such cider. Please note that cider is defined by Section 4-27, Virginia Code, as containing not more than 7% alcohol by volume. Beyond 7% the product would be treated as wine.

**HELD:** 1. A monthly report submitted in accordance with the attached instructions for wine wholesalers is an acceptable alternative to furnishing separate invoices. The attached new instructions for wine wholesalers are on the same sheet as the former Instructions so that you have both methods explained on one page. There is, of course, no change in the new procedure for farm wineries.

2. Cider produced and sold by farm wineries is subject to the payment of 8 cents per liter markup which is required on other cider and current procedures for cider remain in effect.

**INQUIRIES:** Inquiries should be addressed to Mrs. Ernestine Shaw, Supervisor Licensee Sales, in writing or at (304) 257-0654.

VIRGINIA ALCOHOLIC BEVERAGE CONTROL  
COPVISSION

Larry E. Gilman  
Secretary

## **TO ALL VIRGINIA WHOLSALE WINE DISTRIBUTORS**

**Effective February 1, 1985**, the sales of Virginia produced wine (farm wine) will no longer be tax exempt. The \$0.40 per liter tax must be applied to all sales made to Virginia retail wine licensees.

All sales of farm wine to retailers in the state must be executed on a separate invoice from other non-farm wine products. These invoices will begin with the number "1." designated with the prefix FW.

All copies of the sale invoice must be signed with the original copy being submitted daily. Any changes made on an invoice must be reflected on all copies.

If you have any questions, please contact us.

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In lieu of executing a separate invoice for farm wine sales to Virginia retail wine licensees and submitting these invoices daily, you may submit the total number of liters of farm wine sold at retail on a monthly basis.

If you submit FW invoices you must list numbers used under the heading "Invoice Numbers" on your monthly wine **report as shown in the attached sample.**

If you submit a total figure you must enter the total figure under the heading "Invoice Number" on your monthly wine report **as shown on the attached sample.** If no farm wine is sold at retail you must enter zero in the space for total farm wine sold at retail.

**Sample on Page 4**



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| Purchase Order Number  | Name of Wholesaler          | LOCATION  |       | LITERS     |
|--|-----------------------------|---|-------|------------|
|  |                             |   |       |            |
| Invoice Numbers  | Invoice From Previous Month | List Below Invoice Numbers Executed But Not Delivered |       |            |
| Wine _____thru _____<br><br>Cider C _____thru _____<br><br>Tax<br>Exempt TE _____thru _____<br><br><br>Tax TEC _____thru _____<br>ExemptCider<br><br>Farm FW _____thru _____<br>Wine |                             | Wine  | Cider | Tax Exempt |
|  |                             |   |       |            |